

TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Kent Ohms

DATE: December 1, 2015

### Monthly General Fund Receipts through November 30, 2015

The attached spreadsheet presents FY 2016 General Fund total net receipts with comparable figures for actual FY 2015. The figures can be compared to the FY 2016 estimate of \$6.958 billion set by the Revenue Estimating Conference (REC) on October 13, 2015. The FY 2016 estimate is an increase of \$266.0 million (4.0%) compared to actual FY 2015 total net receipts (excludes transfers). The next REC meeting has been scheduled for December 10, 2015.

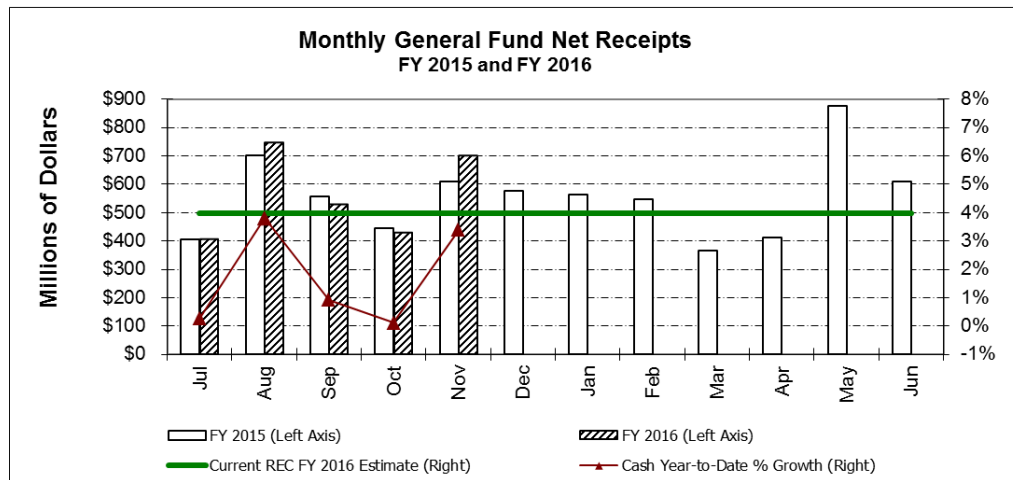
FY 2016 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Adjusted Projected Growth for the Year, Excluding Transfers = 4.0%						
Year-to-Date Ending:	Year-to-Date FY 2015	Year-to-Date FY 2016	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$ 406.6	\$ 407.6	\$ 1.0	0.2%	\$ 16.2	\$ -15.2
Aug	1,109.5	1,151.8	42.3	3.8%	44.1	-1.8
Sept	1,665.4	1,680.7	15.3	0.9%	66.2	-50.9
Oct	2,108.9	2,111.5	2.6	0.1%	83.8	-81.2
Nov	2,719.9	2,812.2	92.3	3.4%	108.1	-15.8
Dec	3,298.0					
Jan	3,860.4					
Feb	4,406.6					
Mar	4,772.4					
Apr	5,185.8					
May	6,060.4					
Jun	6,670.2					
Year end	6,692.1					

### Overview of Current Situation

November 2015 net General Fund revenue was \$89.7 million (14.7%) above the November 2014 revenue level. Cash fiscal year-to-date net receipts are \$92.3 million (3.4%) higher than FY 2015.

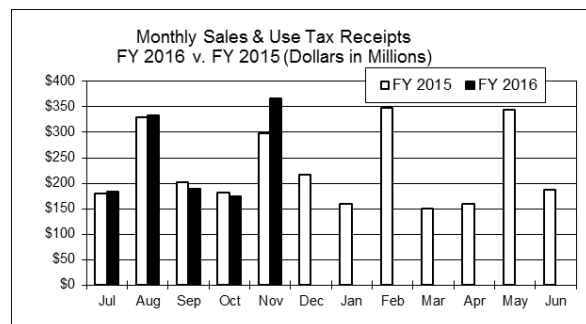
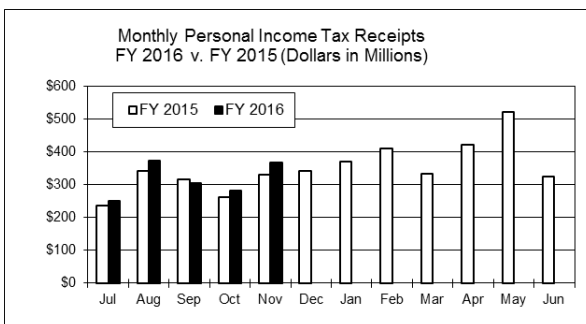
Major sources of revenue and their contribution to the FY 2016 change include:

- Personal income tax (positive \$96.1 million, 6.5%)
- Sales/use tax (positive \$58.0 million, 4.9%)
- Corporate tax (negative \$28.5 million, -15.7%)
- Other taxes (positive \$7.5 million, 6.8%)
- Other receipts (positive \$2.1 million, 2.0%)
- Tax refunds not including school infrastructure refunds (negative \$44.5 million)
- School infrastructure sales/use tax refunds (positive \$1.7 million)



**Personal Income Tax** revenue received in November totaled \$368.4 million, an increase of \$37.9 million (11.5%) compared to November 2014.

The FY 2016 REC income tax estimate of \$4.491 billion represents a projected increase of 6.7% compared to actual FY 2015. Through November, personal income tax receipts have increased \$96.1 million (6.5%). By subcategory, withholding payments increased \$69.9 million (5.4%), estimate payments increased \$14.3 million (10.3%), and payments with returns increased \$11.9 million (26.4%). The following chart compares FY 2016 monthly income tax receipts from the three personal income tax subcategories with FY 2015.



**Sales/Use Tax** receipts received in November totaled \$367.1 million, an increase of \$69.4 million (23.3%) compared to November 2014.

The REC estimate for FY 2016 sales/use tax receipts is \$2.806 billion, an increase of 1.9% compared to actual FY 2015. Through November, sales/use tax receipts increased \$58.0 million (4.9%). The preceding chart compares FY 2016 monthly sales/use tax receipts with FY 2015.

**Corporate Tax** receipts received in November totaled \$12.2 million, a decrease of \$3.9 million (-24.2%) compared to November 2014.

The REC estimate for FY 2016 corporate tax revenue is \$537.8 million, a decrease of 6.7% compared to actual FY 2015. Through November, corporate income tax receipts decreased \$28.5 million (-15.7%).

**Other tax receipts** received in November totaled \$11.3 million, an increase of \$2.0 million (21.5%) compared to November 2014.

The REC estimate for FY 2016 other tax revenue is \$263.3 million, an increase of 1.5% compared to actual FY 2015. Through November, other tax receipts increased \$7.5 million (6.8%).

**Other receipts** (nontax receipts) received in November totaled \$24.7 million, an increase of \$2.2 million (9.8%) compared to November 2014.

The REC estimate for FY 2016 other receipts revenue is \$291.7 million, a decrease of 1.1% compared to actual FY 2015. Through November, other receipts increased \$2.1 million (2.0%).

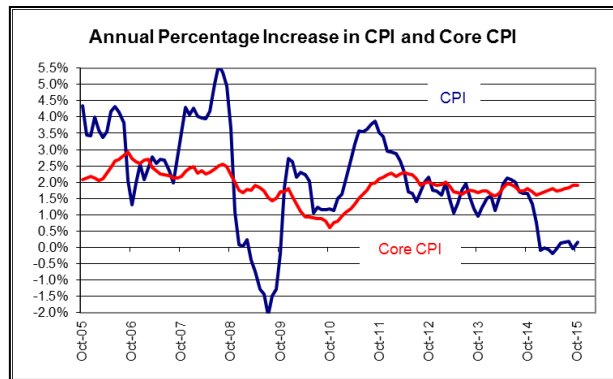
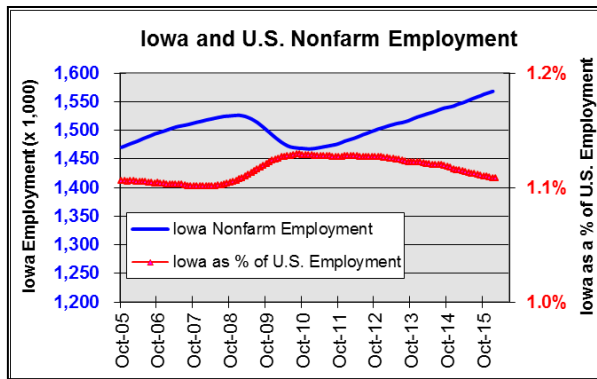
**Tax Refunds** issued in November totaled \$41.6 million, an increase of \$15.9 million compared to November 2014. In addition, school infrastructure refunds totaled \$41.3 million, an increase of \$1.7 million compared to November 2014.

## **Status of the Economy**

Iowa nonfarm employment was reported at 1,597,800 for the month of October 2015 (not seasonally adjusted), 22,100 (1.4%) higher than October 2014.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,568,300, resulting in an annual average Iowa nonfarm employment level 41,900 above the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment since June 2010 and currently is at its lowest level since September 2008.



The Consumer Price Index (CPI-U) through October 2015 was 237.8 (1983/84=100). Consumer prices did not change significantly (not seasonally adjusted) and the annual rate of inflation was 0.17%.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.26% in October and totaled 1.9% year-over-year. The annual rate of core inflation has been at or below 2.0% since July 2012. For the two components excluded from the core rate, energy prices are down 17.1% year-over-year, while food prices are up 1.6%.

Information related to State General Fund receipts is available on the Fiscal Services Division website at: <https://www.legis.iowa.gov/receipts/daily.html>.

GENERAL FUND RECEIPTS - FY 2016 vs. FY 2015 July 1 through November 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 15 Actual Compared to FY 16 REC Estimate		
	FY 2015	FY 2016	Year-to-Date % Change	November % Change	Actual FY 2015	Estimate FY 2016	Projected % Change
Personal Income Tax	\$ 1,484.9	\$ 1,581.0	6.5%	11.5%	\$ 4,207.3	\$ 4,490.5	6.7%
Sales/Use Tax	1,190.0	1,248.0	4.9%	23.3%	2,753.0	2,805.5	1.9%
Corporate Income Tax	182.0	153.5	-15.7%	-24.2%	576.3	537.8	-6.7%
Inheritance Tax	39.1	44.0	12.5%	32.9%	87.0	94.0	8.0%
Insurance Premium Tax	51.9	52.4	1.0%	-75.0%	109.6	105.2	-4.0%
Cigarette/Tobacco Tax	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
Beer/Liquor Tax	6.4	6.4	0.0%	0.0%	14.5	14.5	0.0%
Franchise Tax	12.2	14.3	17.2%	50.0%	46.9	48.2	2.8%
Miscellaneous Tax	0.4	0.4	0.0%	-66.7%	1.4	1.4	0.0%
Total Gross Taxes	\$ 2,967.1	\$ 3,100.0	4.5%	16.1%	\$ 7,796.0	\$ 8,097.1	3.9%
Institutional Payments	6.9	5.9	-14.5%	25.0%	15.5	6.5	-58.1%
Liquor Profits	44.8	47.1	5.1%	1.0%	108.4	102.5	-5.4%
Interest	1.1	1.5	36.4%	50.0%	3.7	4.0	8.1%
Fees	9.5	9.5	0.0%	125.0%	27.7	27.6	-0.4%
Judicial Revenue	33.1	32.1	-3.0%	0.0%	99.9	111.9	12.0%
Miscellaneous Receipts	9.7	11.1	14.4%	72.7%	39.7	39.2	-1.3%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
TOTAL GROSS RECEIPTS	\$ 3,072.1	\$ 3,207.2	4.4%	15.9%	\$ 8,090.9	\$ 8,388.8	3.7%
Accrued Revenue-Net					19.6	17.7	
Tax Refunds *	-145.6	-190.1	30.6%	61.9%	-967.9	-991.0	2.4%
School Infrast. Refunds *	-206.6	-204.9	-0.8%	4.3%	-450.5	-457.4	1.5%
TOTAL NET RECEIPTS	\$ 2,719.9	\$ 2,812.2	3.4%	14.7%	\$ 6,692.1	\$ 6,958.1	4.0%
* For FY 2015 and FY 2016 Year-to-Date columns, refunds are presented on a cash basis. For FY 2015 Actual and FY 2016 Estimate, refunds are presented on a fiscal year basis. The FY 2015 Actual column is final.							